

Post-Brexit Britain: a realistic centre of enterprise?

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I expect by the time this blog is published we will have, true to their own words, found Boris Johnson dead in a ditch and witnessed Mark Francois spontaneously combust. October 31st will pass, the Brexit debate will rumble on, and another small sliver of my spirit will be forever lost.

I have previously authored CBS blogs on the effect this relentless and repetitive debate is having on us both collectively and individually. One of these effects is forcing our hand to look at the British and Britishness in a more critical capacity. And here an important question to consider is the nature of Britain as an enterprising nation in the context of the response required to capitalise on leaving the EU.

Those halcyon myths of the UK as a trading nation with a history of golden enterprise imbue the more patriotic amongst us with belief. This is a belief that by osmosis alone these capabilities will emerge in the face of new challenges and free of the grip of Brussels. The reality is something more prosaic I would argue.

Developing an enterprising economy – and the enterprises on which that economy is built – is by no means straightforward. Simple rhetoric of unfettering and deregulation are by no means guarantees of encouraging productive enterprise, rather rapacious and exploitative business practices. Such practices have negative effects not only for citizens but also for wider business communities, with regulation and even municipalisation seen as part of a pro-business agenda harking back to the days of Joseph Chamberlain. At this juncture, the prospect of such similar regulation and its interpretation as pro-business considering the stance of the current government seem pretty low.

Growth in employment, and particularly in self-employment, has been one of the headline achievements of the current government. Unemployment has been reported to have hit historic lows of late. The legitimacy of this achievement was recently challenged by a report from the Centre for Cities and OECD, claiming the reporting

requirements massage these figures, which should rather than 4.6% be closer to 13.2% of the working age population[i]. Similarly, whilst an additional 900,000 have become self-employed since 2010, this is underpinned by push factors. Here, rather than unemployment this sits with the formalisation of the gig economy and the shift toward workers becoming sub-contractors rather than employees. This tendency has had widely reported effects on working hours, on wages, and on employee access to benefits.

Reliance on this form of enterprise or self-employment is having major implications for UK productivity. Whilst employment has grown, the productivity picture for the past 5 years has been stagnant. A lack of improvement in the productivity and performance of firms may be good for employment, but is indicative of low levels of investment and innovation in firms with implications for their profitability, sustainability, and adaptive capacity in the face of economic challenges.

Where a number of these failing have been picked up previously is through a wider availability of skills and capabilities in the workforce. The sustainability of this dependence is however under question now. The referendum back in 2016 coincided with a rise in vacancies, with the British Chamber of Commerce claiming at the start of 2017 vacancy rates were at a historic high. Ongoing uncertainty around the UK's future is however seeing growing shortages in healthcare, production and agriculture industries. This represents a major disruption to one of the key foundations of UK enterprise.

Similarly concerning here is the scope for growth in internal demand. As public sector debt has seen an unsustainable upward curve since 2008, similarly levels of unsecured private debt now stand at an estimated £428bn, 50% higher than the peak at the time of the 2008 financial crisis[iii]. In a consumption, service-based economy, either the exhausting or retraction of consumer spending poses a major risk, and this is not one which can be quickly plugged by unfettered access to external markets, which to successfully navigate require their own distinctive set of skills and experience.

So we pass by another Brexit deadline uneventfully (I'm going out on a limb here that the hollow threats of riots are just that). And as the uncertainty rumbles onward, I can't help but breathe a sigh of relief. Because from my view, the challenges of Brexit, be they barriers to

our key export locations, opportunities in emerging markets, or simply the stewardship of domestic issues, seem to be ones for which we are not only inadequately prepared, but inadequately equipped.

[i] <https://www.theguardian.com/business/2019/oct/17/unemployment-figures-should-be-millions-higher-says-research>

[ii] <https://www.theguardian.com/business/2019/jan/07/average-uk-household-debt-now-stands-at-record-15400>